

ARTICLE 5: Agreement Authority.

5.1 Vessels and Strings.

(a) Initially, the Parties shall operate two strings under this Agreement, as follows:

(i) Pacific South West ("PSW") string, calling weekly at ports in California, New Zealand and Australia, as well as in Hawaii and Fiji.<sup>2</sup> The PSW string initially shall utilize seven (7) ~~six (6)~~ vessels of approximately 1,850 TEU capacity (based on 14 tonnes per TEU homogeneous southbound), one of which will be provided by Maersk Line, three ~~two~~ of which will be provided by CMA CGM, two of which will be provided by Hamburg Süd, and one of which will be provided by HLAG. Without further amendment hereto, the Parties are authorized to operate between six (6) and nine (9) vessels in the PSW string, such vessels to have a minimum capacity of not less than 2,500 ~~1,500~~ TEUs nominal and a maximum capacity of not more than approximately 3,100 ~~2,700~~ TEUs nominal. In order to implement such adjustments, the Parties are also authorized to make corresponding revisions in port calls and the numbers of vessels provided by the respective Parties.

(ii) Pacific North West ("PNW") string, calling fortnightly at ports in California, the Pacific North West, Canada, New Zealand, Australia, Tahiti and Mexico.<sup>3</sup> The PNW string initially shall utilize four (4) vessels of approximately

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<sup>2</sup> Initially, the PSW service will call Fiji 3 out of 4 weeks, and will call Hawaii instead of Fiji during the fourth week.

<sup>3</sup> Mexico call for HLAG only.

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(i) Pacific South West ("PSW") string, calling weekly at ports in California, New Zealand and Australia, as well as in Hawaii and Fiji.<sup>2</sup> The PSW string initially shall utilize seven (7) vessels of approximately 1,850 TEU capacity (based on 14 tonnes per TEU homogeneous southbound), one of which will be provided by Maersk Line, three of which will be provided by CMA CGM, two of which will be provided by Hamburg Süd, and one of which will be provided by HLAG. Without further amendment hereto, the Parties are authorized to operate between six (6) and nine (9) vessels in the PSW string, such vessels to have a minimum capacity of not less than 2,500 TEUs nominal and a maximum capacity of not more than approximately 3,500 TEUs nominal. In order to implement such adjustments, the Parties are also authorized to make corresponding revisions in port calls and the numbers of vessels provided by the respective Parties.

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1,300 TEU capacity (based on 14 tonnes per TEU homogeneous southbound), two of which will be provided by Hamburg Süd, and two of which will be provided by HLAG. Without further amendment hereto, the Parties are authorized to operate between four (4) and seven (7) vessels in the PNW string, such vessels to have a minimum capacity of not less than 1,300 ~~1,000~~ TEUs nominal and a maximum capacity of not more than approximately 2,800 ~~2,700~~ TEUs nominal. In order to implement such adjustments, the Parties are also authorized to make corresponding revisions in port calls and the numbers of vessels provided by the respective Parties.

responsible for their own phase in and phase out costs. Each Party also will be responsible for any fees, taxes, penalties, charges, or liabilities, assessed against the vessel, by virtue of its flag or otherwise, by any governmental authority.

(e) The Parties shall agree on a long-term pro-forma schedule for the service. Such schedule may be changed from time to time as the Parties mutually agree and shall incorporate periods required for programmed maintenance and repair including periodic dry docking which shall be advised at least three (3) months in advance. The Parties are authorized to discuss and agree upon rules for remedial actions and financial consequences in cases of non-performance.

(f) The Parties are authorized to charter vessels to/from one another or jointly from third parties.

## 5.2 Slot Allocations and Use of Slots.

(a) The average weekly space allocations on the vessels operated hereunder shall be as follows, with the precise amount varying by vessel type  
~~Parties shall receive a standard slot allocation on each string, as follows:~~

	Southbound		Northbound	
	PNW	PSW	PNW	PSW
Hamburg Sud	540	<u>730</u> 671	626	<u>623</u> <del>573</del>
HLAG	360	<u>493</u> 453	407	<u>415</u> <del>381</del>
Maersk Line	0	<u>310</u> <del>284</del>	0	<u>293</u> <del>269</del>
CMA CGM	400 <sup>4</sup>	<u>481</u> 442	115	<u>573</u> <del>527</del>

<sup>4</sup> CMA CGM may load a maximum of 200 TEUs in Vancouver/Seattle on southbound sailings of the PNW string.